



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D. C. 20224

OFFICE OF
CHIEF COUNSEL

September 1, 2009

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CONEX-136975-09

UIL: 36A.00-00

Dear Mr. _____ :

Senator Klobuchar has asked me to reply to your July 31, 2009 e-mail to her about the Making Work Pay credit. You asked if the credit you receive in 2009 will reduce the refund or increase the tax you will owe when filing your 2009 federal income tax return.

Taxpayers with earned income in 2009 and 2010 may be eligible for the Making Work Pay credit in those years (section 36A of the Internal Revenue Code). The credit is the lesser of 6.2 percent of earned income or \$400 for individuals (\$800 for married couples filing jointly). The credit begins phasing out for taxpayers with modified adjusted gross income over \$75,000 per year for individuals (\$150,000 for married couples filing jointly).

In February 2009, the Internal Revenue Service issued revised withholding tables to take into account the Making Work Pay credit. Some taxpayers, however, may find that the changes built into the withholding tables result in less tax withheld than they prefer. Also, if an individual ultimately is not eligible for the Making Work Pay credit, the withholding changes may mean a smaller refund next spring. Some taxpayers, including those who usually receive very small refunds, could owe a small amount rather than receive a refund.

You may want to consult the IRS withholding calculator on www.irs.gov and submit revised Forms W-4, *Employee's Withholding Allowance Certificate*, to ensure enough tax is withheld to cover your expected tax liability, including whether you anticipate being eligible to claim the Making Work Pay credit on your income tax return. The enclosed Publication 919, *How Do I Adjust My Tax Withholding?* provides additional guidance for tax withholding. Married couples with two incomes and individuals with

multiple jobs should pay particular attention to their withholding.

If you are eligible for the Making Work Pay credit, you must claim it on your 2009 federal income tax return that you file in 2010, even if your withholding was reduced to reflect the credit.

I hope this information is helpful. Please call _____ at _____ if you have any questions.

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosure

cc: The Honorable Amy Klobuchar



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The Honorable Amy Klobuchar
United States Senate
Washington, DC 20510

Dear Senator Klobuchar:

I am responding to your letter of July 31, 2009, on behalf of your constituent, . He wrote about the effect of the Making Work Pay tax credit on his annual withholding for 2009.

As you requested, I responded directly to . I am enclosing a copy of my response.

I hope this information is helpful. If you need further assistance, please call at .

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosure